In the Matter of:	) Docket 03-IEP-01
	)
Informational Proceeding and	)
Preparation of the 2004 Integrated	) Comments for the Committee
Energy Policy Report (IEPR) Update	) on the 2004 Transmission Update

The City and County of San Francisco (CCSF) commends the California Energy Commission (CEC) in seeking input from stakeholders in updating its transmission findings from the 2003 IEPR and on seeking input in identifying California transmission problems and developing a state-wide transmission vision. CCSF appreciates this opportunity to provide comments to the CEC Committee on the 2004 Transmission Update to the IEPR. CCSF endorses the remarks and comments made by Mr. Barry R. Flynn of Flynn Resource Consultants Inc. at the CEC April 5 Transmission Workshop. In addition to endorsing his comments that the State should place a priority on improving the reliability to load pockets, CCSF would like to expand on those comments with the following additional comments.

1. As background, CCSF endorses the following overall policy positions.
   a. Relying on "the market" to build transmission makes no sense. It has not happened.
   b. Price signals via LMP will not provide necessary incentives to build transmission.
   c. Based on the above two points, a. and b., the State needs to ensure needed transmission is constructed.
   d. PTOs (IOUs) should be allowed to build transmission but the State needs a backstop strategy to ensure construction of needed facilities.
   e. Maximizing the use of existing rights of way (ROW) for overhead lines is important for both economical and environmentally responsible expansion.

2. Local control is important to CCSF and it wants to retain their present capability to satisfy CEQA requirements for their new transmission needs. If the CEC obtains siting authority for transmission, CCSF should be able to apply for a license if they choose to do so. This will maximize the chances of needed transmission being constructed.

3. Controversy over which State Agency should have transmission siting authority should not detract from the important role the CEC can play in identifying new economically justified transmission. Relieving the constraints currently imposed by the CPUC CPCN process is helpful, but does not ensure the transmission expansion needed or justified economically will be built.

4. CEC has existing staff to make a positive contribution in defining what new transmission is needed/justified independent of any organizational issues or changes.

5. While the State should evaluate its long-term regional needs and to assist in identifying projects within the State, the largest short-term payoff to California rate payers would be to identify the load pocket additions that would provide the greatest benefit. These will tend to be transmission projects that improve reliability in load pockets while providing substantial savings.

   a. It is important to identify old power plants that are ideal candidates for using transmission to replace their role in providing needed reliability services. The CEC Aging Power Plant Study is a major step in that direction.

   b. PG&E is identifying RMR reduction projects as part of its 2004 Grid Expansion Plan.

   c. The ISO led Phase 2 Long-Term San Francisco Peninsula Study should expand upon the information provided in PG&E's 2004 Grid Expansion Plan with a focus on the Greater Bay Area and the San Francisco Peninsula

   d. The CEC should use the information provided in 5b. and c. above to identify how much additional transmission is economically justified in load pockets, such as the Greater Bay Area, now and in the future. The CEC is ideally suited to provide an open stakeholder process. CCSF experience has shown that the ISO has difficulties making strategic assessments concerning old generators because of the perception they have "market sensitive information" that influences their assessment. This effort to identify new transmission for load pockets should be a major component of next year's IEPR. CEC Staff needs to participate actively in this year's planning processes to ensure the information needed for the assessment is developed this year.

6. The vast majority of transmission additions to the ISO Controlled Grid have been justified based upon needing to satisfy minimum reliability standards. Although CCSF believes that many, if not most, new transmission will be justified based on economic need rather than reliability criteria, the CEC can and should also perform very important additional studies to assist the ISO and its Planning Standards Committee in recommending further standards improvements to the ISO Board.

   a. Following some of the rolling blackouts in the Bay Area in 2000 caused by low voltages at the Newark Substation, PG&E studied the likelihood of overlapping generator outages in the Greater Bay Area based upon generator outage data from when they owned the power plants located there.

b. Although the specific criteria developed for the Greater Bay Area was an important incremental addition to the ISO Grid Planning Standards, it was recognized at that time that it would need to be updated and there is some uncertainty as to how it should be applied. Additional analysis should help resolve any application issues. The CEC staff has information on more recent performance of those units and has the staff expertise to analyze the basic data. It can also perform studies using its Supply Assessment Model to further improve the understanding of how expected reliability varies throughout the State. This should lead to potential improvements to the ISO Planning Standards that the ISO Planning Standards Committee would want to propose to the ISO Board. CCSF tried unsuccessfully to obtain this data as part of its support of the Jefferson-Martin CPCN.

In closing CCSF wishes to express appreciation to Commissioners Geesman and Boyd for their leadership to expose the importance of the transmission system in providing an electrical infrastructure that will provide reliable service in the most economical fashion. CCSF looks forward to working with the CEC in its collaboration with stakeholders in developing a long-term vision for the state's transmission system.